

# 2021 Advocacy Agenda

February 19, 2021

The National Association of REALTORS® (NAR) represents 1.4 million residential and commercial practitioners involved in all facets of the industry as brokers, sales agents, property managers, appraisers and counselors. As the largest professional trade association in the United States, NAR advocates for policies that promote and protect a dynamic U.S. real estate market and fosters homeownership and investment opportunities for qualified purchasers of real property. **In the 117th Congress, NAR will focus on improving access to homeownership, enabling a quick recovery after the COVID-19 pandemic, ensuring fair housing for all and building strong and resilient communities and businesses.**

## IMPROVE ACCESS TO HOMEOWNERSHIP

Homeownership is not just an American Dream, it is a cornerstone to economic well-being and long-term wealth-building. Throughout the current COVID-19 pandemic, the residential real estate market has had a positive economic impact on communities and homeowners have benefitted from greater economic stability. REALTORS® strive to make sure that all Americans have the ability to realize the dream of homeownership.

### ■ **Support Solutions That Spur New Housing Supply**

The strong residential real estate market has helped keep our nation's economy afloat during the COVID-19 pandemic; however, this boon to our economy has been severely limited by the current shortage of homes available for purchase. If more residential housing were made available, there would be increased opportunity for Americans to access the wealth-building benefits of homeownership, and greater employment and economic activity for federal, state, and local economies. NAR supports a multi-pronged approach to incentivize the creation of more housing units. These could include a rehabilitation and commercial-to-residential tax credit, incentives to train and hire more residential construction workers, and even tax credit bonds to encourage local governments to speed up the approval of zoning and other decisions that result in the creation of more residential units.

### ■ **Support Tax Benefits for Property Ownership**

Research continues to recognize the benefits of homeownership for our communities and for household financial growth. Many middle-income, minority and millennial households are prevented from realizing a direct tax benefit of owning a home. These groups were already slowest to



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recover from the struggles of the Great Recession and continue to face the greatest headwinds to increased homeownership. NAR supports the enactment of meaningful tax credits for down payment assistance for first-time buyers and for the ongoing costs of homeownership for those who do not benefit from the mortgage interest and real property tax deductions because they no longer itemize their deductions.

## ■ **Tax Fairness for Families Across America**

The current tax code penalizes families who file their taxes on a joint return. The maximum state and local tax (SALT) deduction is currently limited to \$10,000 regardless of how you file, effectively penalizing family formation. NAR strongly supports the elimination of the marriage penalty by doubling the maximum deduction cap to \$20,000 for joint returns, as well as indexing the cap for inflation.

## ■ **Housing Finance Reform and Availability of the 30-Year Fixed Rate Mortgage**

The future housing finance system must ensure that there is mortgage capital in all markets at all times and under all economic conditions, and that there is an explicit government guarantee in the secondary market, which includes the availability of long term, fixed-rate mortgage products (i.e. 30-yr fixed-rate mortgage).

Create a government-chartered financial market utility(s) subject to transparent regulations on product types, revenue generation, and expenditures. The new entity(s) will retain portfolio practices to ensure the mission of Fannie and Freddie continue to meet the needs of consumers with taxpayer safeguards. NAR recommends that the utility(s) be structured and operate to encourage transparency and private capital participation in the secondary mortgage market.

## ■ **Access to Credit for All Americans**

Homeownership is an integral part of the American Dream that should not be out of reach for low-income, rural and minority borrowers who lack access to traditional forms of credit. Unfortunately, many responsible Americans with "thin" credit files have been kept out of the housing market. NAR supports alternative credit scoring models aimed at responsibly expanding mortgage credit for millions of hardworking families.



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- **Bettering Oneself Through Education Shouldn't Prevent Americans From Buying a Home**

NAR research indicates that student loan debt negatively impacts the ability of potential homebuyers to save for a down payment and is also having an impact on potential homebuyers' ability to qualify for a home due to high debt-to-income levels. These factors have limited their access to affordable mortgage options needed to purchase a home. NAR strongly supports policy proposals to allow student loan borrowers to refinance into lower interest rates, provide tax relief to student debt holders and employers who choose to assist with their employees' student loan debt burdens, and provide tax relief to those borrowers with forgiven student loan debt.

## **ENABLE A QUICK ECONOMIC RECOVERY AFTER COVID-19**

The residential real estate market is poised to help drive the economic recovery in 2021 as the United States continues to roll out vaccines and Americans begin to return to work. However, housing is part of a broader real estate economy and some sectors will need additional assistance for the entire system to function productively. Commercial lending has decreased significantly and commercial tenants are exiting rental agreements at extraordinary rates, while commercial mortgage-backed securities (CMBS) delinquency rates remain concerningly high. This is especially true in the hardest-hit industries - the hotel and retail sectors. Thousands of small businesses have permanently closed already and many more are at risk of immediately closing, which would cast a huge blow to both the broader economy and the commercial real estate sector.

- **Protect Real Estate Interests in Any Federal Response to COVID-19, Including REALTORS®, Their Families, and Consumers**

NAR supports funding for additional economic relief including unemployment assistance, rental assistance, mortgage assistance, small business relief, funding for state and local governments and greater access to remote online notarization technology.

- **Ensure Federal Rental Assistance Is Operating Well and Is Sufficiently Funded**

NAR advocates for clear guidance from the Department of Treasury to state and local governments when distributing federal rental assistance



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funds. Funds should be authorized for use to pay rental arrears and prospective rent to ensure rental housing properties remain financially viable. NAR also supports flexibility for landlords to obtain resident consent, especially when delinquent tenants may be avoiding landlord communications.

- **Commercial Real Estate Has Been Among the Hardest Hit Industries, but Exhibits Great Potential Post-COVID-19 Pandemic**

NAR supports the appropriation of additional funds to help businesses keep workers on payroll and meet their business expenses. Congress should also consider reforms that ease lending restrictions for these sectors, and prioritize extending and enhancing loan programs to reinforce commercial business stability to blunt the aftermath of the ongoing pandemic.

- **Protect Homeowners Following Forbearance To Facilitate a Robust Recovery as the Market Emerges From the Pandemic**

Americans continue to face economic hardships stemming from the pandemic and important housing security measures, such as mortgage forbearance options, must continue to protect these homeowners as long as necessary. NAR supports options for responsible homeowners at risk of losing their homes, and their ability to protect their credit profiles for future ownership opportunities. NAR supports improvements to ensure short sale processes are efficient and fair, while mitigating preventable foreclosures that negatively impact communities. NAR also supports protections for borrowers who have received or inquired about forbearance to remain creditworthy.

## ENSURE FAIR HOUSING FOR ALL

As stewards of the right to own, use and transfer private property, our livelihoods and businesses as REALTORS® depend upon an open housing market free from discrimination. Our economy, our communities, and the American people suffer when discrimination and segregation artificially constrain homeownership and limit the intergenerational wealth it builds. Yet, more than fifty years after passage of the Fair Housing Act, the homeownership rate for African Americans, Hispanics, and Asians continues to lag behind the White homeownership rate. NAR is firmly committed to the



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enforcement of fair housing laws and to policies that remove historic and systemic barriers to homeownership for all qualified buyers.

- **Close Racial Homeownership and Wealth Gaps**

Advocate for policies that promote an equitable and accessible housing finance system, increase outreach and counseling for renters and mortgage-ready millennials, focus on sustainable homeownership and preservation, and tackle housing supply constraints and affordability.

- **Support Increased Resources for Fair Housing Enforcement**

REALTORS® support additional funding for HUD's fair housing enforcement and education efforts, including HUD's grant programs for private fair housing organizations and state civil rights agencies. Because discrimination in real estate is often hidden, NAR supports increased housing discrimination testing.

- **Amend the Fair Housing Act To Prohibit Discrimination Based on Sexual Orientation and Gender Identity**

NAR believes that qualified homebuyers should have access to housing opportunities regardless of who they love or how they identify. Article 10 of NAR's Code of Ethics prohibits REALTORS® from discriminating based on sexual orientation and gender identity. NAR supports amendments to the Fair Housing Act that would also prohibit such discrimination.

## **BUILD STRONG, RESILIENT COMMUNITIES AND BUSINESSES**

As the country moves forward from the COVID-19 health pandemic, it is important to plan effectively for the future. Guaranteeing that state and local governments have the proper tools to manage economic development, respond to natural disasters, build stronger, longer-lasting physical infrastructure, expand broadband opportunity, and ensure business continuity are keys to prosperity and well-being in the future.

- **Preserve Community Development Tools Like 1031 Like-Kind Exchanges and Opportunity Zones**

Since 1921, U.S. tax law has recognized that the exchange of one investment or business-use property for another of like-kind results in no change in the economic position of the taxpayer, and therefore should not result in the immediate imposition of income tax. Like-kind exchanges provide the flexibility to shift investments to the most promising uses



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and retain capital for expansion and job creation. This flexibility is badly needed at this time of crisis for commercial real estate. However, some have suggested that the 1031 like-kind exchange is an unwarranted loophole and should be repealed. NAR is working with other interested stakeholders to oppose the repeal or limitation of the like-kind exchange provision and to educate Members of Congress and their staffs on the importance of this provision to the economy.

NAR also supports the bold new initiative to encourage investment in economically depressed areas throughout the U.S. through Opportunity Zones (OZs). OZs are especially attractive to real property investments by providing significant deferral and exclusions in capital gains that are reinvested in qualified areas. NAR is working to help ensure the rules implementing the new OZs fulfill their promise.

- **Reauthorize and Reform the National Flood Insurance Program and Reduce Barriers to Private Flood Insurance Options**

Congress must pass a long-term reauthorization of the NFIP and include meaningful reforms that open the door to private market flood insurance and modernize flood mapping and mitigation investments. Flood insurance is required for a mortgage in more than 20,000 communities nationwide. While there is a growing private market for flood insurance, millions of small businesses and homeowners currently depend on the NFIP to protect their property against flooding, the most costly and common natural disaster in the United States. Without flood insurance, property owners would have to rely on the Federal government for taxpayer-funded disaster relief after major floods.

- **Infrastructure Improvements Help Create Livable Communities and Enhance Economic Vitality**

NAR supports investments in transportation, energy, water and communications systems. Updating and modernizing these systems will repair our crumbling roads, bridges and transit and water management systems, propel public and private efforts to make these systems environmentally sound, and close the digital divide by expanding broadband and internet access. This effort also provides an opportunity to ensure the benefits and jobs from infrastructure investments are shared and continue to enhance property values and increase community resilience.



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- **Ensure Independent Contractor Status for Real Estate Professionals**

Real estate sales agents have a statutory provision (Internal Revenue Code Section 3508) that provides clear directives about how a real estate broker may classify his/her sales agents as independent contractors. The rules have been in place since about 1984. NAR opposes any erosion of the statutory provision of the Internal Revenue Code Section 3508, which provides clear directives about how a real estate broker may classify his/her sales agents as independent contractors. NAR is also closely monitoring federal legislative and regulatory action, as well as, state worker classification laws and litigation that could potentially impact the status of independent contractors.

- **Support a Comprehensive National Policy to Stimulate the Deployment of Broadband**

Too many Americans still lack access to broadband internet service. Moreover, several international rankings indicate that the U.S. is lagging behind other nations in broadband accessibility, speed and cost. Americans pay more and get less for broadband service than many countries across the globe. REALTORS® support a comprehensive national policy to stimulate the deployment of broadband in underserved areas of the U.S., increase data speeds and lower broadband prices.

- **Protect Consumers from Real Estate Fraud and Criminal Activity**

Real estate sales transactions are continually threatened, or worse, derailed, by various real estate fraud or financial crimes, including business email compromise, wire fraud, title fraud, mortgage fraud, and money laundering schemes. As more transactions move completely online, REALTORS® and their industry partners must be aware of these threats to protect consumers and the sales transaction. REALTORS® strongly support increased education for all parties to increase knowledge and understanding of these risks, as well as increased engagement with federal regulators to crack down on criminal actors before a consumer is detrimentally impacted.

- **Modernize Federal Rules to Create a National Framework for Consumer Privacy and Data Security**

Technology is flooding the real estate industry with innovation and continues to transform the way consumers buy, sell, rent and manage homes and the way that real estate brokerages operate. REALTORS®



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strongly support efforts to protect consumers' data privacy and security. REALTORS® support for data protection measures is bolstered by their day-to-day business activities where they see first-hand the damage that identity theft can do to a family's ability to rent an apartment or buy a home.

- **Ensure Water Quality and Economic Development**

REALTORS® strongly support current regulations that provide all stakeholders and the regulated community with clear rules and regulatory certainty related to water quality. REALTORS® also support finding common ground among stakeholders and having a rule that protects water quality and property rights, while not imposing onerous burdens on the regulated community.

